

HOUSE BILL 3479  
By McMillan

AN ACT to amend Tennessee Code  
Annotated, Title 67, Chapter 6,  
relative to the sales and use tax.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

**SECTION 1.** Tennessee Code Annotated, Title 67, Chapter 6, Part 5, is amended by adding the following as a new section:

Section 67-6-\_\_\_\_. (a) The commissioner may, in her sole discretion, enter into a managed compliance agreement with an eligible dealer. Such agreement may provide for 1) one (1) or more effective use tax rates for purchases subject to tax under this chapter; 2) a procedure under which the eligible dealer may use a direct pay permit issued by the commissioner to purchase tangible personal property or services without paying to its supplier the tax imposed by this chapter; 3) a term not to exceed three years, provided nothing shall preclude the commissioner from entering into a subsequent agreement with the same dealer; 4) the conditions under which the agreement may require modification or termination; 5) a procedure to resolve disputes concerning the agreement; and 6) any such other provisions as the commissioner and the eligible dealer mutually agree upon to carry out the purposes of this section.

(b) The commissioner may, in her sole discretion, terminate a managed compliance agreement and conduct an audit of an eligible dealer if the eligible dealer fails to fulfill any of the terms of a managed compliance agreement and such failure is materially adverse to the commissioner and the dealer fails to cure such failure not later than thirty (30) days after the mailing of written notice of such failure by the commissioner, provided no such notice need be given in the event such failure is not capable of being cured or

the commissioner believes that the collection of any tax required to be collected and paid to the state or of any assessment will be jeopardized by delay.

(c) Other than as authorized by this section and expressly agreed in the management compliance agreement, nothing in this section shall abridge or alter any requirements, rights, or obligations of an eligible dealer or the commissioner, granted or imposed by statute or regulation, including, but not limited to, penalties for negligence or intentional disregard of the provisions of this chapter; penalties for failure to file returns or for fraud or intent to evade the provisions of this chapter; limitation periods or waivers of limitation periods; or any taxpayer remedies, including the right to file suit and the right to file a refund claim, under Title 67, Chapter 1, Part 18.

(d) For purposes of this section:

- (1) "Eligible taxpayer" means any person who is required to file any return or to pay or remit any tax under this chapter and who in the opinion of the commissioner has demonstrated a willingness and ability to comply with the tax laws of this state and has maintained an acceptable system of business records;
- (2) "Managed compliance agreement" means an agreement between the commissioner and an eligible taxpayer that provides for an agreed upon method for calculating and remitting use tax on that taxpayer's purchases; and
- (3) "Effective use tax rate" means the rate of use tax to be applied against a predetermined base of purchases for the purpose of computing the eligible taxpayer's use tax liability for a defined period.

**SECTION 2.** This act shall take effect upon becoming a law, the public welfare requiring it.